

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 97-88/18 Phase II

Respondent: Fredrick K. Miller

Title: Senior Specialist

REQUEST: Department of Telecommunications and Energy, Record Request

DATED: November 14, 2001

ITEM: DTE-RR 1 Recalculate the TELRIC loop rates from the Consolidated Arbitrations proceeding using the payphone-specific density zone weightings from Verizon's January 29, 2001 Compliance Filing.

REPLY: The results of the recalculated loop rates are shown on the attachment. The 2-wire analog loop rate corresponds with the loop that is used to provide payphone access line service. However, the 2-wire digital and 4-wire loops from the Consolidated Arbitrations proceeding have been recalculated for illustrative purposes only.

The following table identifies the density zone weightings for the original TELRIC filing and the payphone-specific density zone weightings used in the recalculations:

	Approved TELRIC Study	Payphone Specific Study
Metropolitan	8%	9%
Urban	35%	38%
Suburban	51%	48%
Rural	6%	5%

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Respondent: Peter Shepherd

Title: Director

REQUEST: New England Public Communications Council, Record Request

DATED: November 14, 2001

ITEM: NEPCC-RR-1 What are the actual percentage figures used on Table 1 (Attached to the direct testimony of Peter Shepherd), Line 6 to weight the Peak and Off-Peak cost for local usage?

REPLY: The Source Column explains that line 4 is multiplied by 57% and line 5 is multiplied by 43%, and the results are then added to develop the AHD weighted cost for local usage, as shown on line 6 of Table 1. These percentages are the rounded value. The actual percentage value before rounding is 56.5085% for peak weighting and 43.4915% for off-peak weighting. Verizon MA used the actual percentage values in its calculation based on the peak and off-peak minutes contained in Table 4, lines 4 and 5 to develop the AHD weighted cost for local usage.

VZ RR# 7

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Respondent: Fredrick K. Miller

Title: Senior Specialist

REQUEST: NEPCC Record Request

DATED: November 14, 2001

ITEM: NEPCC-RR 3 With respect to Verizon MA's response to NEPCC 1-44 filed in June, 1999, what, if any, of the costs reflected in column D, entitled Directly Attributable Joint, are in fact, direct costs.

REPLY: The direct TELRIC cost for a two-wire voice grade analog loop, as shown in Verizon's Reply to NEPCC 1-44, column C, recovers only the costs for capital, maintenance, ad valorem taxes, and gross revenue loading. The Directly Attributable Joint Costs are also direct costs and appropriate to include in the TELRIC cost of the element. This is consistent with the Department's findings in the *Consolidated Arbitrations* proceeding.

On page 56 of the *Phase 4 Order* issued December 4, 1996, in the *Consolidated Arbitrations*, the Department stated that;

The FCC has directed that a reasonable allocation of forward-looking common costs shall be included in the TELRIC studies. Local Competition Order at ¶ 682. Some of these costs, "joint costs," are *directly attributable to specific unbundled elements*. (emphasis added) Others are more general overhead expenses of the firm. Local Competition Order at ¶ 676. The FCC directed that "relevant common costs do not include billing, marketing, and other costs attributable to the provision of retail service. Local Competition Order at ¶ 694.

The costs that are "directly attributable" to specific unbundled

elements, and therefore part of the direct TELRIC cost, would

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REPLY: NEPCC-RR 3
(cont'd)

be wholesale-related expenses consisting of, but not limited to, network and plant administration, accounting, finance, procurement, and information services. In developing both the “Directly Attributable (Joint)” factor and the “Common (Overhead)” factor in its TELRIC study approved by the Department, Verizon MA removed any costs attributable to the provision of retail services. The use of the term “Joint” in reference to the “Directly Attributable” costs simply means that those expenses incurred by specific unbundled elements are spread over all elements. As the name implies, the “Common” or general overhead expenses are not considered part of the direct TELRIC cost.

In its January 26, 1998 filing in D.T.E. 97-88/18, the Company developed the direct loop and port costs for payphone services to meet the FCC “new services” test by excluding the directly attributable and common costs of the approved TELRIC loop and port rates. While this approximates a TSLRIC cost, it should not be used as a benchmark for comparing results from the actual TSLRIC study for payphone services filed by Verizon MA on January 29, 2001. In that payphone specific study, the direct or TSLRIC cost includes not only the capital costs, but also the appropriate retail-related network, marketing, and other support costs of the service. Therefore, a reasonable starting point for comparison between the Company’s TELRIC and TSLRIC studies would be the \$11.21 TELRIC direct loop cost, plus the directly attributable (joint) TELRIC direct costs of \$3.32 (NEPCC 1-44, column D), for a total of \$14.53.

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Respondent: Fredrick K. Miller

Title: Senior Specialist

REQUEST: NEPCC Record Request

DATED: November 14, 2001

ITEM: NEPCC-RR 4 Does an IDLC loop terminate on a central office terminal or directly into the switch?

REPLY: The loop served on an IDLC system ultimately terminates into the switch. Based on the typical design of IDLC systems modeled in Verizon's cost studies, a loop served on IDLC enters the central office ("CO") on fiber at the fiber distribution frame ("FDF"). The fiber is cross-connected from the FDF to a CO terminal bay (typically a Litespan Bay or equivalent). At the CO terminal bay, the optical signal is converted to an electrical signal, usually a DS1. The CO terminal bay also contains the DS1 or appropriate plug-in cards for interfacing the IDLC system with the CO switch. The DS1 may be connected to the IDLC port at the switch via a DSX cross-connect cabinet.

VZ RR # 11

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Respondent: Fredrick K. Miller
Title: Senior Specialist

REQUEST: NEPCC Record Request

DATED: November 14, 2001

ITEM: NEPCC-RR 5 Do the PAL ports identified on page 8 of the attachment to Verizon's reply to NEPCC 1-1 (MA DTE 17 Part M Section 2 Page 8) provide for connecting an analog loop with a digital switch?

REPLY: The Public Access Line Ports on page 8 provide the capability of terminating an analog loop on copper or UDLC to a digital switch.
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Respondent: Fredrick K. Miller

Title: Senior Specialist

REQUEST: NEPCC Record Request

DATED: November 14, 2001

ITEM: NEPCC-RR 6 Are costs associated with the Main Distributing Frame (MDF) and the Central Office Terminals (COT) typically included in the cost of the loop or the cost of the port?

REPLY: MDF costs associated with UDLC systems are reflected in the analog port costs. Central office terminal costs, regardless of UDLC or IDLC systems, are reflected in the loop costs.

VZ RR # 13

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D.T.E. 97-88/18 Phase II

Respondent: Peter Shepherd

Title: Director

REQUEST: New England Public Communications Council, Record Request

DATED: November 14, 2001

ITEM: NEPCC-RR-7 With respect to the attachment to Verizon's reply to NEPCC 1-13 (June, 1999)

- a. What were the peak and off-peak factors used, in part (b) of the attachment, to weight the costs to create the "All Hours of Day" cost?
- b. What is the difference between the "Fixed" and "Variable" cost categories?

REPLY:

- a. Peak and off-peak weighting factors were not used to develop the AHD costs. The February 1997 TELRIC study developed local switching costs on an AHD basis. The source of the values in part (b) of the attachment to Verizon MA's Reply to NEPCC 1-13 were direct inputs from the February 1997 TELRIC study, Workpaper, Part B, pages 8, 18, 28 and 38, lines 1 and 6 respectively for each of the density zones.
- b. Fixed costs represent the investment related costs of a central office switch that do not vary with changes in the volume of lines, trunks or usage such as Central Processor Units, test equipment, maintenance equipment, AMA equipment, etc. Variable costs represent the investment-related costs that vary with changes in the volume of lines, trunks or usage such as line units, trunk interface units, switching modules, etc.

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DATED: November 14, 2001

ITEM: NEPCC-RR-8 How many units of Direct Dial Screening (DDS) are purchased out of Verizon's interstate tariff by Payphone Service Providers (PSP)?

REPLY: Of the 151 units of Direct Dial Screening that Verizon MA currently provides in Massachusetts, none have been purchased or billed under the Company's interstate tariff .

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